

PUBLIC DISCLOSURE

July 16, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Bank & Trust Company
Certificate Number: 17906

307 East Landry Street
Opelousas, Louisiana 70570

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Region – Memphis Area Office

6060 Primacy Parkway, Suite 300
Memphis, Tennessee 38119

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

A satisfactory Lending Test record supports the overall rating. The bank did not request consideration of its investments and services, nor did examiners identify any discriminatory or other illegal credit acts or practices. Therefore, these considerations did not affect the overall rating.

Lending Test

American Bank & Trust Company (ABTC) demonstrated a satisfactory record regarding the Lending Test. The following points summarize conclusions regarding the applicable performance factors, discussed in detail elsewhere.

- The bank exhibited a reasonable record regarding its loan-to-deposit ratio.
- The institution originated a majority of its small business and home mortgage loans inside its assessment areas.
- The distribution of borrowers reflects excellent penetration among businesses of different sizes and borrowers of different income levels. An excellent performance regarding small business loans sufficiently uplifts a reasonable performance regarding home mortgage loans to support this conclusion.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Reasonable performances regarding small business and home mortgage loans support this conclusion.
- The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test conclusion.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from July 8, 2013, to July 16, 2019, the date of the previous Federal Deposit Insurance Corporation (FDIC) evaluation to this evaluation’s date. To assess performance, examiners applied the Small Bank Procedures, which include the Lending Test. Appendix B lists the test’s performance criteria.

Full-Scope Assessment Areas

The bank operates in two assessment areas, located in the State of Louisiana, as more fully described under the Description of Assessment Areas. Examiners applied full-scope procedures to the Non-Metropolitan Statistical Area (Non-MSA) Assessment Area (AA) after contemplating all considerations in outstanding guidance. Examiners also applied full-scope procedures to the Lafayette Metropolitan Statistical Area (MSA) AA since this area received limited-scope procedures at the previous two evaluations.

Lending Test

Loan Products Reviewed

For the Lending Test, CRA Small Bank procedures require examiners to determine the bank’s major product lines for review. As an initial manner, examiners may select from the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows loan activity for 2018, which reflects a generally consistent pattern with the bank’s lending emphasis since the previous evaluation and in the bank’s assessment areas.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	12,418	18.1	42	6.0
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	22,801	33.2	131	18.7
Secured by Multi-Family (5 or more) Residential Properties	689	1.0	2	0.3
Secured by Commercial Real Estate Loans	10,964	16.0	48	6.8
Commercial and Industrial Loans	19,164	27.9	230	32.8
Agricultural Loans	350	0.5	1	0.1
Consumer Loans	2,241	3.3	248	35.3
Other Loans	0	0.0	0	0.0
Gross Loans	68,627	100.0	702	100.0
<i>Source: Bank data (2018).</i>				

Considering the dollar volume and number of loans originated during 2018, as well as management’s stated business strategy, examiners determined that the bank’s major product lines consists of commercial loans at 43.9 percent and home mortgage loans at 34.2 percent of the dollar volume of originated loans in 2018.

Since none of the other typically considered loan categories represent major product lines and thus would not materially affect any conclusions or the rating, including consumer loans at 3.3 percent and agricultural loans at 0.5 percent by dollar of total loans originated in 2018, this evaluation does not include a review of them. In addition, this evaluation does not consider any affiliate lending activity.

Consequently, for the Assessment Area Concentration performance factor, this evaluation includes a review of the entire universe of 279 small business loans totaling \$28.6 million originated in 2018. For the Geographic Distribution performance factor, this evaluation includes a review of the 197 small business loans totaling \$20.8 million originated inside the assessment areas in 2018. For the Borrower Profile performance factor, examiners used random samples of 51 small business loans totaling \$4.1 million in the Non-MSA AA and 30 small business loans totaling \$5.1 million in the Lafayette MSA AA originated during 2018. The random samples use a statistical 90 percent Confidence Level and a 10 percent Precision Level.

In addition, this evaluation considers all home mortgage loans reported on the bank's 2017 and 2018 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). For 2017, the bank reported 122 loans totaling \$12.2 million, and for 2018, the bank reported 84 loans totaling \$14.2 million. Examiners did not identify any trends between 2017 and 2018 that materially affect conclusions. Therefore, this evaluation presents information for 2017, the most recent year for which aggregate data exists.

While this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans under the geographic distribution and borrower profile criteria, because the number of loans better represents the number of businesses and individuals served.

Loan Category Weighting

Examiners considered the applicable universes of the dollar volume and number of loans for the loan categories reviewed as well as management's stated business strategy to determine the weighting applied to those loan categories. Since examiners did not identify any significant trends between 2017 and 2018 home mortgage loan data, the following tables include data for small business loans originated in 2018 and home mortgage loans for 2017 since this evaluation includes the presentation of such data.

Assessment Area Concentration Weighting

The following table shows the bank's activities for the loan categories presented in this evaluation. Considering both the dollar volume and number percentages, small business loans account for the greatest portion of loan categories reviewed. Consequently, examiners weighed small business loans heavier than home mortgage loans when arriving at the conclusion for the Assessment Area Concentration performance factor.

Loan Category Weighting				
Loan Category Reviewed	Universes of Loan Categories Reviewed			
	\$(000)	%	#	%
Small Business	28,629	70.1	279	69.6
Home Mortgage	12,240	29.9	122	30.4
Total	40,869	100.0	401	100.0

Source: HMDA data (2017); Bank records (2018).

Borrower Profile and Geographic Distribution Weighting

The following table shows the bank’s activities inside its assessment areas for the loan categories presented in this evaluation. Considering an average among the dollar and number percentages, small business loans account for 73.6 percent of the loan categories reviewed while home mortgage loans account for 26.4 percent. Consequently, examiners weighed small business loans heavier than home mortgage loans when arriving at the conclusion for the noted performance factors.

Loan Category Weighting				
Loan Category Reviewed	Universes Originated Inside Bank’s Assessment Area of Loan Categories Reviewed			
	\$(000)	%	#	%
Small Business	20,805	76.8	197	70.4
Home Mortgage	6,299	23.2	83	29.6
Total	27,104	100.0	280	100.0

Source: HMDA data (2017); Bank records (2018).

Assessment Area Weighting

The following table shows that for loans originated inside the bank’s assessment areas among the loan categories presented in this evaluation, the institution generated the highest percentages in the Non-MSA AA for both loan categories, consistent with the bank’s concentration of deposits and offices in this area.

Consequently, for both loan categories, examiners weighed performance in the Non- MSA AA heavier when arriving at applicable conclusions. Examiners weighed performance in each reviewed area consistent with that area’s lending level for the loan categories reviewed as reflected in the following table.

Assessment Area Distribution				
Assessment Area	Loans (% of \$)		Deposits (% of \$)	Offices (% of #)
	Home Mortgage	Small Business		
Lafayette MSA AA	41.8	28.9	13.3	28.6
Non-MSA AA	58.2	71.1	86.7	71.4
Total	100.0	100.0	100.0	100.0

Source: Bank records (2018); HMDA data (2017); FDIC Summary of Deposits (6/30/18).

DESCRIPTION OF INSTITUTION

Background

ABTC began operations in 1958 in Opelousas, Louisiana. American Bancorp, Inc., also located in Opelousas, wholly owns the bank. The bank received a Satisfactory rating at its previous evaluation dated July 8, 2013, performed by the FDIC based upon Small Bank Procedures.

Operations

ABTC operates as a retail bank focusing on commercial and home mortgage lending from its seven full-service offices in southern Louisiana. The bank did not open or close any offices or participate in any merger or acquisition activity since the previous evaluation.

The bank offers a variety of loan products including agricultural, commercial, consumer, and home mortgage loans. It also provides a variety of deposit services including checking, savings, money market, individual retirement, and certificate of deposit accounts. Alternative banking services include telephone banking, online and mobile banking, electronic bill pay, and six automated teller machines (ATMs). Service hours remain consistent with area and industry and include extended business hours offered at drive-thru facilities.

Ability and Capacity

The following table, which reflects ABTC's complete asset distribution, shows that Net Loans and Leases represent the largest asset category and a majority of total assets as of March 31, 2019. Total deposits equaled \$158.4 million as of the same date.

Asset Distribution		
Asset Category	\$(000)	%
Cash	15,366	8.3
Securities	33,978	18.5
Federal Funds Sold	0	0.0
Net Loans & Leases	128,043	69.6
Premises & Fixed Assets	2,088	1.1
Other Real Estate Owned	0	0.0
Intangible Assets	0	0.0
Other Assets	4,560	2.5
Total Assets	184,035	100.0

Source: Report of Condition (3/31/19).

As reflected in the following table, the mix of outstanding loans as of March 31, 2019, reflects a loan distribution generally consistent with the distribution of originated loans as discussed under the Scope of Evaluation. For outstanding loans, home mortgage and commercial loans represent the two largest loan categories.

Loans Outstanding		
Loan Category	\$(000)	%
Construction & Land Development	16,862	13.0
Secured by Farmland	435	0.3
Secured by 1-4 Family Residential	53,671	41.5
Secured by Multi-Family Residential	896	0.7
Secured by Commercial Real Estate	32,119	24.8
Agricultural Production	54	0.1
Commercial and Industrial	18,335	14.2
Consumer	7,032	5.4
Gross Loans	129,404	100.0
<i>Source: Report of Condition (03/31/19).</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment areas' credit needs.

DESCRIPTION OF ASSESSMENT AREAS

Overall Description

ABTC designated two assessment areas, both in the State of Louisiana: 1) Lafayette MSA AA and 2) Non-MSA AA. The combined areas contain 24 census tracts reflecting the following income designations based on 2015 American Community Survey (ACS) data: 3 low-, 5 moderate-, 11 middle-, and 5 upper-income tracts. The assessment areas conform to CRA regulatory requirements. The following discussions provide information on each area.

Lafayette MSA AA

The Lafayette MSA AA consists of 13 of 43 census tracts in Lafayette Parish, one of five parishes that make up the Lafayette, Louisiana MSA located in southern Louisiana. The following table shows that the bank operates two full-service offices and ATMs in this area.

Office Locations Lafayette MSA AA					
Parish/City/Office	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>Lafayette Parish:</i>					
Lafayette – Moss St	Branch	0011.00	Low	Yes	No
Lafayette – Camellia Blvd	Branch	0014.07	Upper	Yes	No
<i>Source: Bank records; ACS Data (2015).</i>					

Economic and Demographic Data

The assessment area’s 13 census tracts reflect the following income designations based on the 2015 ACS data: 1 low-, 3 moderate-, 5 middle-, and 4 upper-income census tracts.

Service industries represent the largest portion of businesses at 52.5 percent, followed by non-classifiable establishments at 14.2 percent, and retail trade at 10.4 percent. About 68.6 percent of the area’s businesses employ four or fewer people, and 91.5 percent operate from a single location. Major employers include Lafayette General Medical Center, Wood Group Production Services, and University of Louisiana at Lafayette.

Based on data from the U.S. Bureau of Labor and Statistics, Lafayette Parish posted an unemployment rate for 2018 of 4.5 percent. This rate exceeds the 3.9 percent national unemployment rate but falls lower than the State of Louisiana’s 4.8 percent unemployment rate.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Lafayette MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	7.7	23.1	38.5	30.8	0.0
Population by Geography	67,163	10.5	16.0	39.2	34.3	0.0
Housing Units by Geography	30,067	8.6	16.4	39.4	35.6	0.0
Owner-Occupied Units by Geography	15,944	5.7	11.8	41.6	40.8	0.0
Occupied Rental Units by Geography	11,554	13.2	21.1	37.1	28.6	0.0
Vacant Units by Geography	2,569	5.4	24.1	36.5	34.1	0.0
Businesses by Geography	8,507	7.1	11.6	39.9	41.4	0.0
Farms by Geography	124	4.8	8.9	32.3	54.0	0.0
Family Distribution by Income Level	16,269	24.7	14.2	15.7	45.5	0.0
Household Distribution by Income Level	27,498	28.0	13.7	15.4	42.9	0.0
Median Family Income		\$59,988	Median Housing Value			\$183,907
FFIEC-Estimated Median Family Income for 2018		\$64,800	Median Gross Rent			\$813
			Families Below Poverty Level			14.6%

Source: ACS Data (2015), D&B Data (2018), FFIEC (2018).
 (*) The NA category consists of geographies that have not been assigned an income classification.

Competition

The assessment area contains a relatively low level of competition from other chartered banks, based on its population, with 25 institutions operating 97 offices. ABTC ranks 20th in deposit market share by capturing 0.3 percent of the area’s deposits based on the June 30, 2018, FDIC Deposit Market Share Report. Additionally, mortgage companies, credit unions, and finance companies operate in the area, heightening the competition for extending credit.

Consistent with most metropolitan areas, the Lafayette MSA AA exhibits needs and creates opportunities for a variety of loan products. These needs and opportunities often center on commercial and home mortgage loans. Considering information from bank management as well as demographic and economic information, examiners determined that the area’s primary credit needs consist of small business and home mortgage loans.

Non-MSA AA

The Non-MSA AA consists of 11 of 19 census tracts in St. Landry Parish. The following table shows that the bank operates five full-service offices and four ATMs in this area.

Office Locations Non-MSA AA					
Parish/City/Office	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>St. Landry Parish:</i>					
Krotz Springs – Eighth St	Branch	9604.00	Middle	Yes	No
Lawtell – Foster Dr	Branch	9607.00	Middle	No	No
Opelousas – Creswell Ln	Branch	9615.00	Middle	Yes	No
Opelousas – E. Landry St.	Main Office	9614.00	Moderate	Yes	No
Port Barre – Saizan St	Branch	9603.00	Middle	Yes	No
<i>Source: Bank records; ACS Data (2015).</i>					

Economic and Demographic Data

The assessment area’s 11 census tracts reflect the following income designations based on the 2015 ACS data: 2 low-, 2 moderate-, 6 middle-, and 1 upper-income census tract. All of the middle-income census tracts received the distressed designation due to poverty and unemployment.

Service industries represent the largest portion of businesses at 47.9 percent, followed by non-classifiable establishments at 19.0 percent, and retail trade at 9.4 percent. About 64.9 percent of the area’s businesses employ four or fewer people, and 90.8 percent operate from a single location. Major employers include Opelousas General Health System, Walmart Supercenter, and Evangeline Downs Racetrack & Casino.

Based on data from the U.S. Bureau of Labor and Statistics, St. Landry Parish posted an unemployment rate for 2018 of 6.2 percent. This rate exceeds the State of Louisiana’s 4.8 percent unemployment rate and the 3.9 percent national unemployment rate.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	18.2	18.2	54.5	9.1	0.0
Population by Geography	53,189	15.7	20.1	52.0	12.1	0.0
Housing Units by Geography	22,555	16.1	19.7	51.8	12.3	0.0
Owner-Occupied Units by Geography	13,499	9.1	18.0	57.6	15.3	0.0
Occupied Rental Units by Geography	5,624	29.9	24.3	39.1	6.7	0.0
Vacant Units by Geography	3,432	21.0	18.9	50.1	10.0	0.0
Businesses by Geography	4,089	16.6	24.0	45.9	13.5	0.0
Farms by Geography	138	3.6	10.9	64.5	21.0	0.0
Family Distribution by Income Level	12,806	29.8	15.2	16.7	38.3	0.0
Household Distribution by Income Level	19,123	31.6	14.9	13.8	39.6	0.0
Median Family Income		\$46,845	Median Housing Value			\$94,378
FFIEC-Estimated Median Family Income for 2018		\$49,500	Median Gross Rent			\$594
			Families Below Poverty Level			24.3%

Source: ACS Data (2015), D&B Data (2018), FFIEC (2018).
 (*) The NA category consists of geographies that have not been assigned an income classification.

Competition

The assessment area contains a relatively low level of competition from other chartered banks, based on its population, with 15 institutions operating 39 offices. ABTC ranks 5th in deposit market share by capturing 10.2 percent of the area’s deposits based on the June 30, 2018, FDIC Deposit Market Share Report. Additionally, mortgage companies, credit unions, and finance companies operate in the area, heightening the competition for extending credit.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine local financial institutions’ responsive to these needs and shows available credit and community opportunities.

The contact knowledgeable of the area’s business conditions described the area as a mixed population based on age. The service industry experienced growth within the area with the addition of lodging and new restaurants. The contact stated that abundance of farm and undeveloped land in remains in the parish, and the available housing is not necessarily affordable. The contact noted small business services, including those for start-up businesses, as a primary need. Overall, the contact indicated that the local banks meet the credit needs of the community.

The Non-MSA AA exhibits needs and creates opportunities for a variety of loan products. These needs and opportunities often center on commercial and home mortgage loans. Considering information from the community contact, bank management, as well as demographic and economic information, examiners determined that the area’s primary credit needs consist of small business and home mortgage loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

Format

This evaluation presents information for the bank as a whole regarding the loan-to-deposit ratio and assessment area concentration performance factors under the Lending Test. Both loan distribution performance factors under the Lending Test reflect data for the assessment areas for which examiners performed a full-scope review.

Conclusions Regarding the Lafayette MSA AA and Non-MSA AA

The Interstate Branching and Banking Efficiency Act (IBBEA) requires separate conclusions for each MSA in which a bank operates a branch. In addition, examination procedures require conclusions for assessment areas for which examiners performed a limited-scope review. As noted, examiners did not perform a limited-scope review for any assessment areas.

LENDING TEST

ABTC demonstrated a satisfactory record regarding the Lending Test. A majority of loans originated inside the bank's assessment areas and reasonable records regarding geographic distribution and the loan-to-deposit ratio primarily support this conclusion. The bank also demonstrated excellent performance regarding borrower profile.

For the CRA Small Bank Lending Test, typically, examiners will first determine whether the presence of any weaker loan-to-deposit ratio or assessment area concentration performance warrants downgrading the overall Lending Test conclusion. Absent any such downgrading, examiners will then place more weight on the bank's borrower profile and geographic loan distributions when arriving at the overall Lending Test conclusion.

Loan-to-Deposit Ratio

The bank exhibited a reasonable record regarding its loan-to-deposit ratio. Reasonable overall and comparative levels support this conclusion. Examiners considered the bank's size, business strategy, and capacity relative to the assessment areas' credit needs when arriving at this conclusion.

Overall Level

The overall level of the bank's average, net loan-to-deposit ratio reflects reasonable performance. For the 23 quarters since the previous evaluation, September 30, 2013, to March 31, 2019, the bank recorded a 67.2 percent average net loan to deposit ratio, slightly higher than the 66.0 percent ratio noted at the previous evaluation. The bank's quarterly net loan to deposit ratios ranged from a low of 54.6 percent on December 31, 2013, to a high of 80.9 percent on March 31, 2019. The quarterly ratios reflect a generally increasing trend.

Comparative Level

The comparative level of the bank's average, net loan-to-deposit ratio also reflects reasonable performance. Listed in the following table, examiners identified three banks for comparison purposes. The listed institutions reflect comparable asset sizes and lending emphases. They also operate in or around ABTC's assessment areas.

The following table suggests four groups of ratios based on the gaps between successive ratios, with each ratio being its own group. The first group consists only of the table's highest figure, which lands 1.8 percentage points higher than the second group. The second group consists of the table's next highest ratio, which lands 9.7 percentage points higher than the third group. The third group, ABTC's ratio, still lands within a reasonable range, 11.5 percentage points, of the table's highest ratio. The fourth group, consisting of the table's lowest ratio, lands 36.6 percentage points lower than the third group and beyond a reasonable range, 48.1 percentage points, below the table's highest ratio.

LTD Ratio Comparative Level		
Bank Name and Location	Total Assets \$(000s)	Average, Net LTD Ratio (%)
American Bank & Trust Company, Opelousas, St. Landry Par., LA	184,035	67.2
Comparable Banks		
Bank of Sunset and Trust, Sunset, St. Landry Par., LA	142,759	76.9
St. Landry Bank and Trust, Opelousas, St. Landry Par., LA	286,906	30.6
Washington State Bank, Washington, St. Landry Par., LA	198,290	78.7
<i>Source: Reports of Condition (9/30/13 – 3/31/19).</i>		

Assessment Area Concentration

The institution originated a majority of its loans inside its assessment areas. Majorities of small business and home mortgage loans originated inside the bank's assessment areas support this conclusion.

Small Business Loans

The institution originated a majority of its small business loans inside its assessment areas. The following table shows that by both number and dollar volume, the bank originated a majority of small business loans inside its assessment areas.

Home Mortgage Loans

The institution originated a majority of its home mortgage loans inside its assessment areas. The following table shows that by both number and dollar volume, the bank originated a majority of home mortgage loans inside its assessment areas.

Assessment Area Concentration										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%	\$	%	\$	%		
Small Business	197	70.6	82	29.4	279	20,805	72.7	7,824	27.3	28,629
2017 Home Mortgage	83	68.0	39	32.0	122	6,299	51.5	5,941	48.5	12,240
2018 Home Mortgage	50	59.5	34	40.5	84	8,664	61.0	5,550	39.0	14,214
<i>Source: Bank records (2018); HMDA data (2017 and 2018).</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Reasonable performances regarding small business and home mortgage loans support this conclusion.

Examiners considered the loan categories reviewed relative to the available comparative data and any performance context issues. They focused on the percentages of the number of loans in low- and moderate-income census tracts when arriving at conclusions. This factor only considered loans granted inside the bank’s assessment areas.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment areas. Reasonable performances in the Lafayette MSA AA and the Non-MSA AA support this conclusion. The following analyses discuss the bank’s performances in the full-scope assessment areas.

Non-MSA AA

The geographic distribution of loans reflects reasonable dispersion throughout the Non-MSA AA. Reasonable performances in low- and moderate-income geographies support this conclusion.

The following table shows that in low-income census tracts in the Non-MSA AA, the bank’s level lands 5.4 percentage points lower than the D&B figure, thereby reflecting reasonable performance. The table further shows that in moderate-income census tracts, the bank’s level rises 2.1 percentage points above the D&B figure, also reflecting reasonable performance.

Geographic Distribution Small Business Loans – Non-MSA AA					
Tract Income Level	Distribution of Businesses (% of #)	Bank’s Small Business Loans			
		#	%	\$(000)	%
Low	16.6	18	11.2	2,880	19.5
Moderate	24.0	42	26.1	3,124	21.1
Middle	45.9	61	37.9	4,537	30.7
Upper	13.5	40	24.8	4,244	28.7
NA	0.0	0	0.0	0	0.0
Total	100.0	161	100.0	14,785	100.0

Source: D&B data (2018); Bank records (2018).

Lafayette MSA AA

The geographic distribution of small business loans reflects reasonable dispersion in the Lafayette MSA AA. A reasonable performance in low-income geographies outweighs poor performance in moderate-income geographies to support this conclusion.

The following table shows that in low-income census tracts, the bank’s level rises 6.8 percentage points higher than the D&B figure, reflecting reasonable performance. The table further shows

that in moderate-income census tracts, the bank’s level falls 8.8 percentage points lower than the D&B figure, which reflects poor performance.

Geographic Distribution Small Business Loans – Lafayette MSA AA					
Tract Income Level	Distribution of Businesses (% of #)	Bank’s Small Business Loans			
		#	%	\$(000)	%
Low	7.1	5	13.9	36	0.6
Moderate	11.6	1	2.8	70	1.2
Middle	39.9	12	33.3	1,391	23.1
Upper	41.4	18	50.0	4,522	75.1
NA	0.0	0	0.0	0	0.0
Total	100.0	36	100.0	6,019	100.0

Source: D&B Data (2018); Bank records (2018).

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment areas. Reasonable performances in the Lafayette MSA AA and the Non-MSA AA support this conclusion.

Examiners focused on the percentages of the number of loans in low- and moderate-income geographies compared to the aggregate data when arriving at conclusions. The following analyses discuss the bank’s performances in the full-scope assessment areas.

Non-MSA AA

The geographic distribution of home mortgage loans reflects reasonable dispersion in the Non-MSA AA. Reasonable performances in low- and moderate-income geographies support this conclusion.

The following table shows that in low-income census tracts in the Non-MSA AA, the bank’s level rises 1.2 percentage points higher than aggregate data, evidencing reasonable performance. The table further shows that in moderate-income census tracts, the bank’s level falls 2.1 percentage points lower than aggregate data, also reflecting reasonable performance.

Geographic Distribution Home Mortgage Loans – Non-MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank’s Home Mortgage Loans			
			#	%	\$(000s)	%
Low	9.1	7.1	5	8.3	291	7.9
Moderate	18.0	15.4	8	13.3	690	18.8
Middle	57.6	61.7	42	70.0	2,394	65.3
Upper	15.3	15.8	5	8.3	293	8.0
NA	0.0	0.0	0	0.0	0	0.0
Total	100.0	100.0	60	100.0	3,668	100.0

Source: ACS Data (2015); HMDA data (2017). Due to rounding, totals do not equal 100.0.

Lafayette MSA AA

The geographic distribution of home mortgage loans reflects reasonable dispersion in the Lafayette MSA AA. An excellent performance in low-income census tracts sufficiently uplifts poor performance in moderate-income census tracts to support this conclusion.

The following table shows that in low-income census tracts in the Lafayette MSA AA, the bank's level rises substantially above aggregate data at 32.5 percentage points higher, thereby reflecting excellent performance. The table further shows that in moderate-income census tracts, the bank's lack of lending is not within a reasonable range of the aggregate data and falls 10.8 percentage points lower, which reflects poor performance.

Geographic Distribution Home Mortgage Loans – Lafayette MSA AA						
Tract Income Level	Owner-Occupied Housing Units (% of #)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	5.7	6.6	9	39.1	134	5.1
Moderate	11.8	10.8	0	0.0	0	0.0
Middle	41.6	40.8	7	30.4	1,052	40.0
Upper	40.8	41.7	7	30.4	1,445	54.9
NA	0.0	0.0	0	0.0	0	0.0
Total	100.0	100.0	23	100.0	2,631	100.0

Source: ACS Data (2015); HMDA data (2017). Due to rounding, totals do not equal 100.0.

Borrower Profile

The distribution of borrowers reflects excellent penetration among businesses of different sizes and individuals of different income levels. Excellent performance regarding small business loans sufficiently uplifts reasonable performance regarding home mortgage loans to support this conclusion.

Examiners considered the loan categories reviewed relative to the available comparative data and any performance context issues. They focused on the percentages of the number of loans when arriving at conclusions. This factor only considered loans granted inside the bank's assessment areas.

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different sizes. Excellent performance in the Non-MSA AA sufficiently uplifts reasonable performance in the Lafayette MSA AA to support this conclusion.

Examiners focused on the bank's overall levels to businesses with gross annual revenues of \$1 million or less when arriving at conclusions. The companies' gross annual revenues define the borrowers' profiles for this review. The following analyses discuss the bank's performances in the full-scope assessment areas.

Non-MSA AA

The distribution of borrowers reflects excellent penetration among businesses of different sizes in the Non-MSA AA. Excellent performance to businesses with gross annual revenues of \$1 million or less primarily supports this conclusion.

The following table shows that in the Non-MSA AA, the bank originated nine out of every ten loans to businesses with gross annual revenues of \$1 million or less, thereby reflecting an excellent level. The table also shows that the bank originated over two-third of its loans to entities in the smallest two revenue categories, further supporting an excellent level.

Borrower Profile					
Small Business Loans – Non-MSA AA					
Gross Annual Revenues (000s)	Distribution of Businesses (% of #)	Bank's Small Business Loans			
		#	%	\$(000s)	%
\$0 < \$100	47.7	15	29.4	639	15.4
\$100 < \$250	31.6	21	41.2	880	21.2
\$250 < \$500	4.9	7	13.7	857	20.7
\$500 ≤ \$1,000	2.7	4	7.8	727	17.5
Subtotal ≤ \$1,000	86.9	47	92.1	3,103	74.8
> \$1,000	3.8	2	3.9	890	21.5
Revenues Not Known	9.3	2	3.9	152	3.7
Total	100.0	51	100.0	4,145	100.0

Source: D&B data (2018); Bank records (2018). Due to rounding, totals do not equal 100.0.

Lafayette MSA AA

The distribution of borrowers reflects reasonable penetration among businesses of different sizes in the Lafayette MSA AA. Reasonable performance to businesses with gross annual revenues of \$1 million or less primarily supports this conclusion.

The following table shows that in the Lafayette MSA AA, the bank originated seven out of every ten loans to businesses with gross annual revenues of \$1 million or less, which reflects a reasonable level. The table also shows that the bank originated over one-third of its loans to entities in the smallest two revenue categories, which also supports a reasonable level.

Borrower Profile					
Small Business Loans – Lafayette MSA AA					
Gross Annual Revenues (000s)	Distribution of Businesses (% of #)	Bank's Small Business Loans			
		#	%	\$(000s)	%
\$0 < \$100	47.3	7	23.3	729	14.3
\$100 < \$250	30.3	4	13.4	278	5.4
\$250 < \$500	6.5	3	10.0	102	2.0
\$500 ≤ \$1,000	3.8	7	23.3	738	14.5
Subtotal ≤ \$1,000	87.9	21	70.0	1,847	36.2
> \$1,000	4.0	7	23.3	3,245	63.6
Revenues Not Known	8.0	2	6.7	11	0.2
Total	100.0	30	100.0	5,103	100.0

Source: D&B data (2018); Bank records (2018). Due to rounding, totals do not equal 100.0.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Reasonable performance in in the Non-MSA AA primarily supports this conclusion.

Examiners focused on the percentages of the number of loans to low- and moderate-income borrowers compared to aggregate data when arriving at conclusions. The borrowers' income designations define the borrowers' profiles for this review. The following analyses discuss the bank's performances in the full-scope assessment areas.

Non-MSA AA

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the Non-MSA AA. Reasonable performances to low- and moderate-income borrowers support this conclusion.

The following table shows that to low-income borrowers in the Non-MSA AA, the bank's level lands 1.8 percentage points higher than aggregate data and reflects reasonable performance. The table further shows that to moderate-income borrowers, the bank's level lands within a reasonable range of the aggregate data and falls 4.9 percentage points lower, also reflecting reasonable performance.

Borrower Profile						
Home Mortgage Loans – Non-MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	29.8	3.5	1	1.7	3	0.1
Moderate	15.2	9.9	3	5.0	54	1.5
Middle	16.7	18.5	8	13.3	404	11.0
Upper	38.3	45.4	40	66.7	2,864	78.1
NA	0.0	22.7	8	13.3	343	9.4
Total	100.0	100.0	60	100.0	3,668	100.0

Source: ACS Data (2015); HMDA data (2017). Due to rounding, totals do not equal 100.0.

Lafayette MSA AA

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the Lafayette MSA AA. A reasonable performance to low-income borrowers outweighs poor performance to moderate-income borrowers to support this conclusion. However, the significant percentage of the bank's home mortgage loans with incomes reported as not applicable skews the data; as a result, examiners placed little weight on the bank's home mortgage lending performance in this assessment area when drawing overall conclusions.

The following table shows that to low-income borrowers in the Lafayette MSA AA, the bank's level rises 2.6 percentage points higher than aggregate data, which evidences reasonable performance. The table further shows that to moderate-income borrowers, the bank's level does not fall within a reasonable range of the aggregate data and falls 8.4 percentage points lower, evidencing poor performance.

Borrower Profile						
Home Mortgage Loans – Lafayette MSA AA						
Borrower Income Level	Families (%)	Aggregate Data (% of #)	Bank's Home Mortgage Loans			
			#	%	\$(000s)	%
Low	24.7	6.1	2	8.7	7	0.3
Moderate	14.2	12.7	1	4.3	35	1.3
Middle	15.7	16.1	2	8.7	189	7.2
Upper	45.5	39.4	7	30.4	1,284	48.8
NA	0.0	25.7	11	47.8	1,116	42.4
Total	100.0	100.0	23	100.0	2,631	100.0

Source: ACS Data (2015); HMDA data (2017). Due to rounding, totals do not equal 100.0.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test conclusion.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs. Therefore, this issue did not affect the institution's overall CRA rating.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

SMALL BANK TEST'S PERFORMANCE CRITERIA

Lending Test

The Lending Test for CRA Small Banks evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

